

**SPOKANE COUNTY CONSERVATION DISTRICT NO. 40**  
**Spokane County, Washington**  
**January 1, 1993 Through December 31, 1995**

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**Schedule Of Findings**

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1. The District Should Not Make Advanced Payments To Employees

During our review of the payroll system, we noted that the district made advanced salary payments to its employees. During January 1995 and again during January 1997, the district's board of supervisors approved a salary increase for their employees. The employees were provided the option of receiving payment for the salary increase in advance of performing the services or receiving this over monthly increments throughout the year. Most employees opted for the immediate payment and the district advanced the salary increase in one lump sum in violation of statutes.

Article VIII, Section 7 of the State Constitution provides:

Credit Not To Be Loaned. No county, city, town or other municipal corporation shall hereinafter give any money, or property, or loan its money, or credit to or in aid of any individual, association, company or corporation, except for the necessary support of the poor and infirm  
. . . .

*Revised Code of Washington (RCW) 42.24.080 states in part:*

All claims presented against any county, city, district or other municipal corporation or political subdivision by persons furnishing materials, rendering services or performing labor, or for any other contractual purpose, shall be audited, before payment, by an auditing officer elected or appointed . . . Such claims shall be prepared for audit and payment on a form . . . The form shall provide for the authentication and certification by such auditing officer that the materials have been furnished, the services rendered or the labor performed as described, and that the claim is a just due and unpaid . . . no claim shall be paid without such authentication and certification . . . .

The salary increases paid in advance occurred after the board approved the revised salary policy in January 1995, which states:

Employees may, at the discretion of the Board and subject to the availability of funds, take a one time draw on their annual salary equal to the amount of their step increase for the upcoming year, based on a satisfactory performance evaluation. Draws will be issued by a separate check on the first payday of January. Those eligible employees not wanting to take a salary draw will receive their step increase throughout the year added to their regular paychecks. Should an employee leave

the District for any reason after receiving a salary draw, they will have a pro-rated amount for the remaining year taken out of their final paycheck. (Revised 1/95)

The district expended approximately \$13,800 in 1995 and \$7,800 in 1997 by paying compensation to district employees prior to the services being rendered.

We recommend the district not make advance payments to their employees prior to them actually earning the pay. We further recommend that the district revise their policy on salary step schedule/cost of living to conform with applicable statutes.

*Auditee's Response*

*Spokane County Conservation District Board has received the draft audit finding regarding the one-time salary increases to our employees.*

*After review of the document, we concur with your finding and will change our policy immediately to conform with State law.*

*Auditor's Concluding Remarks*

We appreciate the district's response to our audit finding. It appears that the concerns noted in this finding are being adequately addressed. We will review the district's progress in these areas during our next regularly scheduled audit.

We also wish to thank the district's officials and personnel for their assistance and cooperation during our audit.